

**LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, DECEMBER 15, 2009**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, December 15, 2009, commencing at 7:02 a.m.

Present: Council Member Hansen, Council Member Johnson, Council Member Mounce, Mayor Pro Tempore Hitchcock, and Mayor Katzakian

Absent: None

Also Present: City Manager King, City Attorney Schwabauer, and City Clerk Johl

B. Topic(s)

B-1 Receive Report on Fiscal Year 2008/09 Year-End Fiscal Condition (CM)

City Manager King briefly introduced the subject matter of the 2008/2009 Comprehensive Annual Financial Report (CAFR).

Deputy City Manager Jordan Ayers provided a PowerPoint presentation regarding the 2008/2009 CAFR. Specific topics of discussion included the status of the City's financial position, highlights of the financial records, general fund unreserved fund balance, budget to actual variances, Community Center deficit unrestricted fund balance, Community Development deficit unrestricted fund balance, Recreation and Library unrestricted fund balances, Enterprise Fund status for electric utility, wastewater utility, and water utility, and Governmental Accounting Standards Board (GASB) 45 and 49 accounting requirements.

In response to Mayor Pro Tempore Hitchcock, Mr. King stated staff is providing numbers that are known now, rounded to a \$3.4 million general fund balance, the current year budget is premised on the expectation that the expenses will not exceed revenues, last year's budget difference was not expenditures but rather revenues that were not as high as anticipated, and the \$3.4 million also represents the one-time revenue that came from the sale of the Lockeford property.

In response to Mayor Katzakian, Mr. King stated revenue for the sale of the generator will be a one-time revenue source that will likely be received in 2010/2011 and it is recommended that the one-time revenue be spent on a one-time expenditure.

In response to Council Member Johnson, Mr. Ayers stated he is not sure of the amount of funding available from the Library Foundation or the Friends of the Library group as those funds are outside of the General Fund.

In response to Mayor Katzakian, Mr. Ayers and Mr. King confirmed that \$4.7 million would be coming back into the general operating reserve from the Lodi Energy Center as cash reserve that will go up in that amount from the reimbursement.

In response to Council Member Mounce, Mr. King stated the Water Fund is not rated, typically utility funds are rated and affected by the General Fund connection, and the CAFR reflects changes required by the new GASB requirements.

In response to Mayor Pro Tempore Hitchcock, Mr. King stated utility funding, including remediation costs, are expended in a targeted manner so that reimbursements can be made

accordingly.

In response to Council Member Mounce, Mr. Ayers stated the \$70 million figure came from the contracted engineering firm, which based the amount on remediation needs over the 30-year time period plus adjustments for inflation.

In response to Mayor Pro Tempore Hitchcock, Mr. Schwabauer confirmed that annual collection for PCE/TCE remediation was approximately \$2.2 million.

In response to Council Member Mounce, Mr. King stated the City is not affected by GASB to the extent that others are and the biggest affect is for post-employment benefits for employees hired prior to 1996 for sick leave conversion.

In response to Council Member Hitchcock, Mr. Ayers and Mr. King stated the actuarial numbers may include both tiers of employees, the before and after 1996, for sick leave conversion liability purposes and as a result the liability estimates may be greater. Mr. King stated the actual liability costs will also vary dependent upon which of the three ways are utilized for sick leave conversion by the eligible employees.

In response to Council Member Mounce, Mr. Ayers stated per GASB the City does not have to book the full liability, only show the current year liability. Further, Mr. King stated if one-time funding was used to fund the GASB liability, it could be restricted and set up as a trust fund.

In response to Council Member Johnson, Mr. King stated tomorrow the Council will see the CAFR, ask any questions of the auditor who will be present, go over the management letter for which there are no new comments, and review the closing numbers for June 30, 2009. Mr. King stated the mid-year review is scheduled for January 20 and staff will start with the \$3.4 million figure as the number for the current year budget. He stated adjustments for services and programs will need to be reviewed if it appears that the figures are coming in less than \$3.4 million.

In response to Council Member Hansen, Mr. Ayers stated typically the fourth quarter is the largest sales tax quarter with the other three building up to it. Mr. Ayers stated numbers are primarily driven by the construction industry, the projected sales tax reduction was 10% to 15%, and the actual decline was 20%.

In response to Council Member Mounce, Mr. King stated the cardroom revenue is up approximately \$100,000. Council Member Mounce asked Mr. Ayers to have a member of the Budget and Finance Committee be present at the Council meeting to convey the prior discussion and thoughts of the Committee on the CAFR.

C. Comments by Public on Non-Agenda Items - None

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 7:48 a.m.

ATTEST:

Randi Johl
City Clerk